



Milk Pricing

NEWS LETTER

Dairy Marketing Branch, CDFA

May 2005

National Commodity Prices for Butter and Cheese Edge Downward . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for Cheddar cheese and Grade A Butter recorded decreases compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all decreased: whole milk decreased fourteen and zero tenths cents per gallon; reduced fat milk decreased twelve and two tenths cents per gallon; lowfat milk decreased eleven and one tenth cents per gallon; and skim milk decreased eight and two tenths cents per gallon.

**See lowest reported lawful retail milk prices on page 2.*

Milk production across the U.S. and California is ahead of last year levels, despite colder than normal and wet/wintry spring weather conditions in some parts of the country. The demand for dairy products has been holding strong and retail sales of cheese and butter remain up. The production of cheese and butter has been steady and on the increase to meet the demand. There is more than enough milk and cream in all regions of the country as milk production continues to be at a seasonal high.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for June 2005

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.269	\$0.634	\$0.317	\$0.159	\$0.106	\$0.079
Reduced Fat (2%)	\$1.171	\$0.585	\$0.293	\$0.146	\$0.098	\$0.073
Lowfat (1%)	\$1.115	\$0.558	\$0.279	\$0.139	\$0.093	\$0.070
Nonfat (Skim)	\$0.848	\$0.424	\$0.212	\$0.106	\$0.071	\$0.053
Southern California						
Whole Milk	\$1.292	\$0.646	\$0.323	\$0.162	\$0.108	\$0.081
Reduced Fat (2%)	\$1.195	\$0.597	\$0.299	\$0.149	\$0.100	\$0.075
Lowfat (1%)	\$1.139	\$0.569	\$0.285	\$0.142	\$0.095	\$0.071
Nonfat (Skim)	\$0.873	\$0.436	\$0.218	\$0.109	\$0.073	\$0.055
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.140↓	\$0.070↓	\$0.035↓	\$0.017↓	\$0.012↓	\$0.009↓
Reduced Fat (2%)	\$0.122↓	\$0.061↓	\$0.031↓	\$0.015↓	\$0.010↓	\$0.008↓
Lowfat (1%)	\$0.111↓	\$0.056↓	\$0.028↓	\$0.014↓	\$0.009↓	\$0.007↓
Nonfat (Skim)	\$0.082↓	\$0.041↓	\$0.020↓	\$0.010↓	\$0.007↓	\$0.005↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdca.ca.gov/dairy; email address: dairy@cdca.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

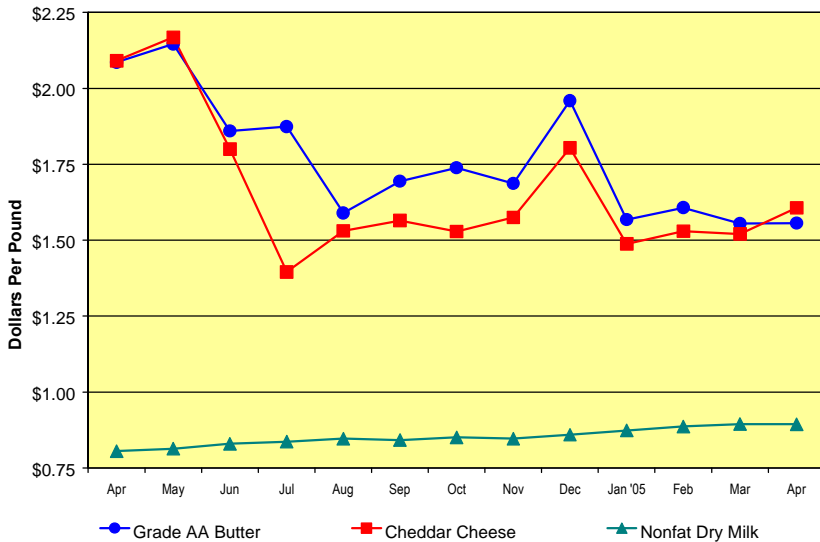
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
July '04	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58
November	\$0.20	\$1.53	\$0.58
December	\$0.21	\$1.63	\$0.61
January '05	\$0.21	\$1.63	\$0.61
February	\$0.21	\$1.56	\$0.59
March	\$0.21	\$1.56	\$0.59
April	\$0.21	\$1.50	\$0.57
May	\$0.21	\$1.50	\$0.57

National Commodity Prices April 2004 - April 2005

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk May 2005

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.99	\$2.50
2% Reduced Fat	\$4.69	\$2.35
1% Lowfat	\$4.69	\$2.35
Nonfat/Skim	\$3.79	\$1.90
<u>Southern California</u>		
Whole Milk	\$4.85	\$2.43
2% Reduced Fat	\$4.59	\$2.30
1% Lowfat	\$4.59	\$2.30
Nonfat/Skim	\$3.73	\$1.87

This newsletter can also be found on our website at:
www.cdfta.ca.gov/dairy/milkpricing.nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfta.ca.gov, or by contacting TDD 1-800-735-0193.

California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814



First Class Mail
U.S. Postage
PAID
Permit No. 81
Sacramento, CA